

Service Date: April 11, 2014

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the Application of)	REGULATORY DIVISION
NorthWestern Energy for Hydro Assets)	
Purchase)	DOCKET NO. D2013.12.85

NOTICE OF COMMISSION ACTION

On December 20, 2013, NorthWestern Corporation, doing business as NorthWestern Energy (NorthWestern), filed its *Application for Hydro Assets Purchase* (Application) with the Montana Public Service Commission (Commission).

On February 21, 2014, the Commission issued Data Requests PSC-131 through PSC-195. Data Request PSC-141(a) reads as follows:

“The total net present value of the assets evaluated in Ex. JMS-I is approximately \$825 million. Please identify the amount of net present value that results from the inclusion of a carbon price in 2021 in your analysis.”

Data Request PSC-141(b) reads as follows:

“The total net present value of the assets evaluated in the spreadsheet provided in response to PSC-066 is approximately \$735 million. Please identify the amount of net present value that results from the inclusion of a carbon price in your DCF analysis.”

On March 7, 2014, NorthWestern filed Responses to PSC-131 through PSC-195. In response to Data Request PSC-141 parts (a) and (b), NorthWestern stated:

“NorthWestern has not performed this analysis. Consistent with the decision reflected in the Notice of Commission Action dated February 20, 2014, NorthWestern is not creating a new document or performing new analysis.

On April 4, 2014, at a regularly scheduled Commission meeting, the Commission discussed whether to compel NorthWestern to answer PSC-141. The Commission voted to table the matter of whether to compel an answer at that time, and instead schedule additional briefing on whether NorthWestern should be required to answer PSC-141.

Several arguments were made at the Commission meeting as to why NorthWestern should be required to answer PSC-141. They include: (1) that the question does not require new analysis, that it only requires NorthWestern to explain analysis it has already conducted; (2) that the variable in question (carbon price) is worth hundreds of millions of dollars in the context of this proceeding, and that an accurate answer to the question is essential; (3) that Montana Consumer Counsel (MCC) witness John Wilson and Commission staff have arrived at two different numbers for this value in the context of evaluating Ex. JMS-1; and (4) that the instructions provided by NorthWestern on how to calculate the value in RDR PSC-160 may not include all of the steps one would have to take to calculate the value, thus adding to the confusion of this matter and the imperative that NorthWestern itself answer the question.

The Commission decided that it would be appropriate to hear from NorthWestern and other parties in relation to this matter. Therefore, NorthWestern shall submit a brief by **April 23, 2014**. Other parties shall submit response briefs, should they choose to do so, by **April 30, 2014**. If other parties submit response briefs, NorthWestern may submit a reply brief by **May 7, 2014**.

BY THE MONTANA PUBLIC SERVICE COMMISSION

W. A. (BILL) GALLAGHER, Chairman
BOB LAKE, Vice Chairman
KIRK BUSHMAN, Commissioner
TRAVIS KAVULLA, Commissioner
ROGER KOOPMAN, Commissioner